



Thomas M. Menino, Mayor

Operating Budget

Fiscal Year 2011

Capital Plan

Fiscal Years 2011-15

Recommended
Volume I

City of Boston

FY11 Budget Overview



City of Boston

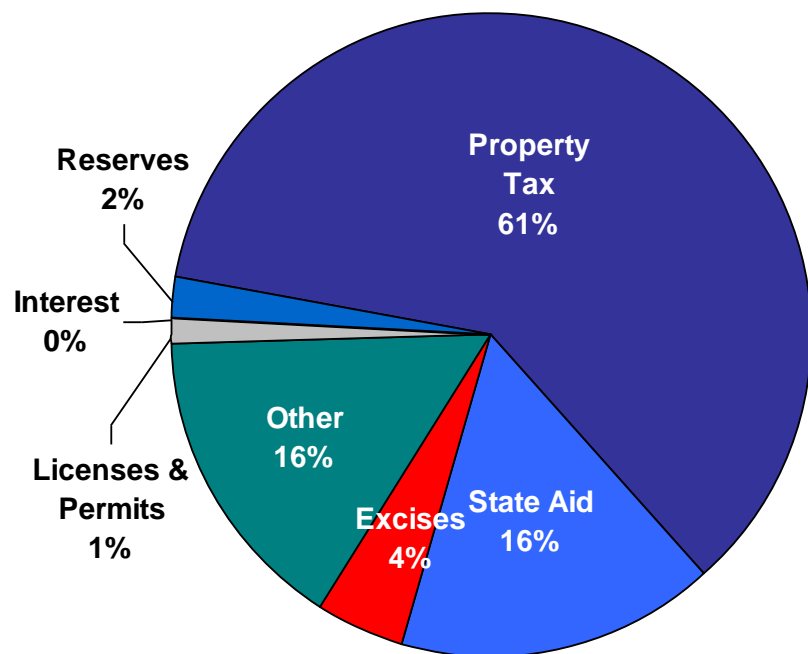
FY11 Budget: \$2.5 Billion

- Responsible plan that sets the City up for the future
- \$59.4 million or 2.5% increase from FY10 budget
 - State aid revenue decreases again
 - Property tax revenue continues to grow
 - New Local Option Meals tax and increase in Hotel tax in effect for full year
- Pensions and Debt Service are increasing by \$13.9 million (3.8%)
- Health insurance increases by nearly \$20.0 million (7.0%)
- Total departmental appropriations are increasing by \$8.0 million (0.5%) after declining in the FY10 Budget
- FY11 Budget uses \$45 million of reserves

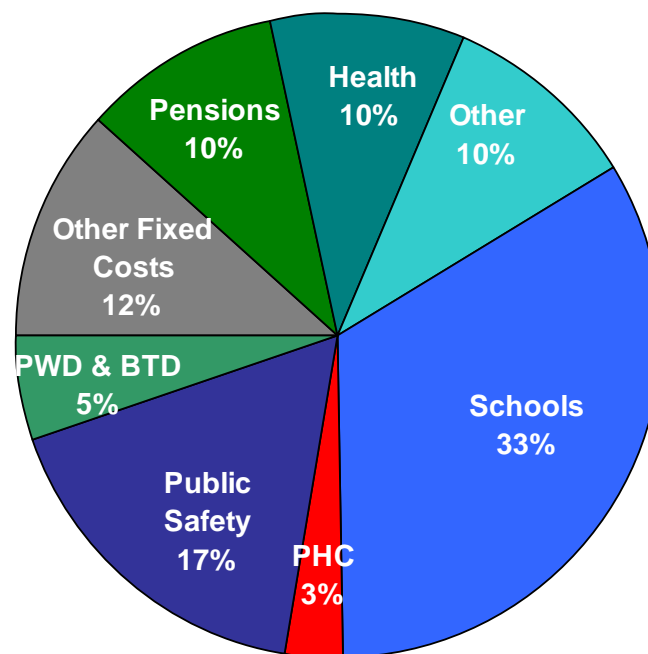


FY11 Budget: \$2.5 Billion Revenues & Expenditures

Major Revenue Sources



Major Expenditure Areas



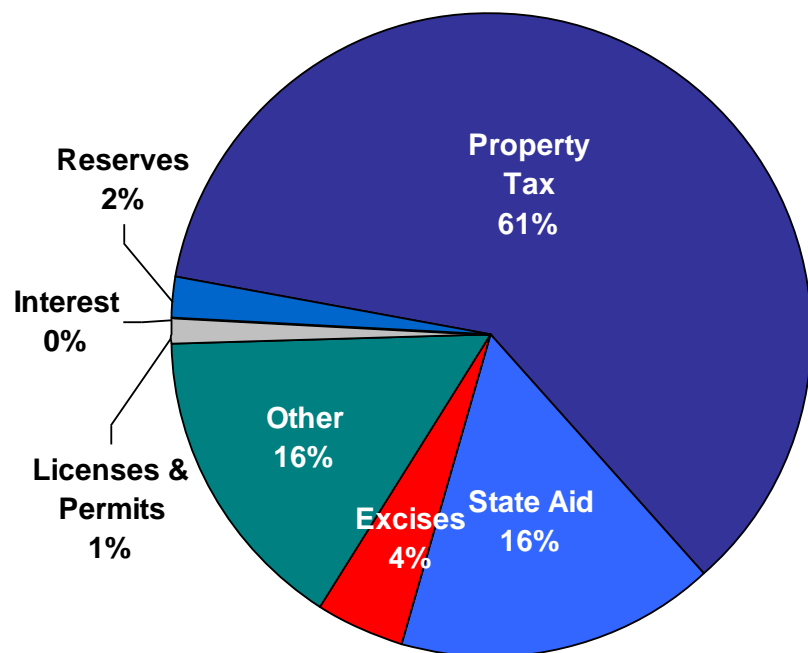
NOTE: Totals may not add due to rounding. Total health benefits costs, including those in Schools and PHC are 13.8% of total expenditures. Health expenditures include \$35 million to OPEB liability.

FY11 Revenue Growth



FY11 Budget: \$2.5 Billion

Revenues by Major Source



Selected Major Revenue Sources

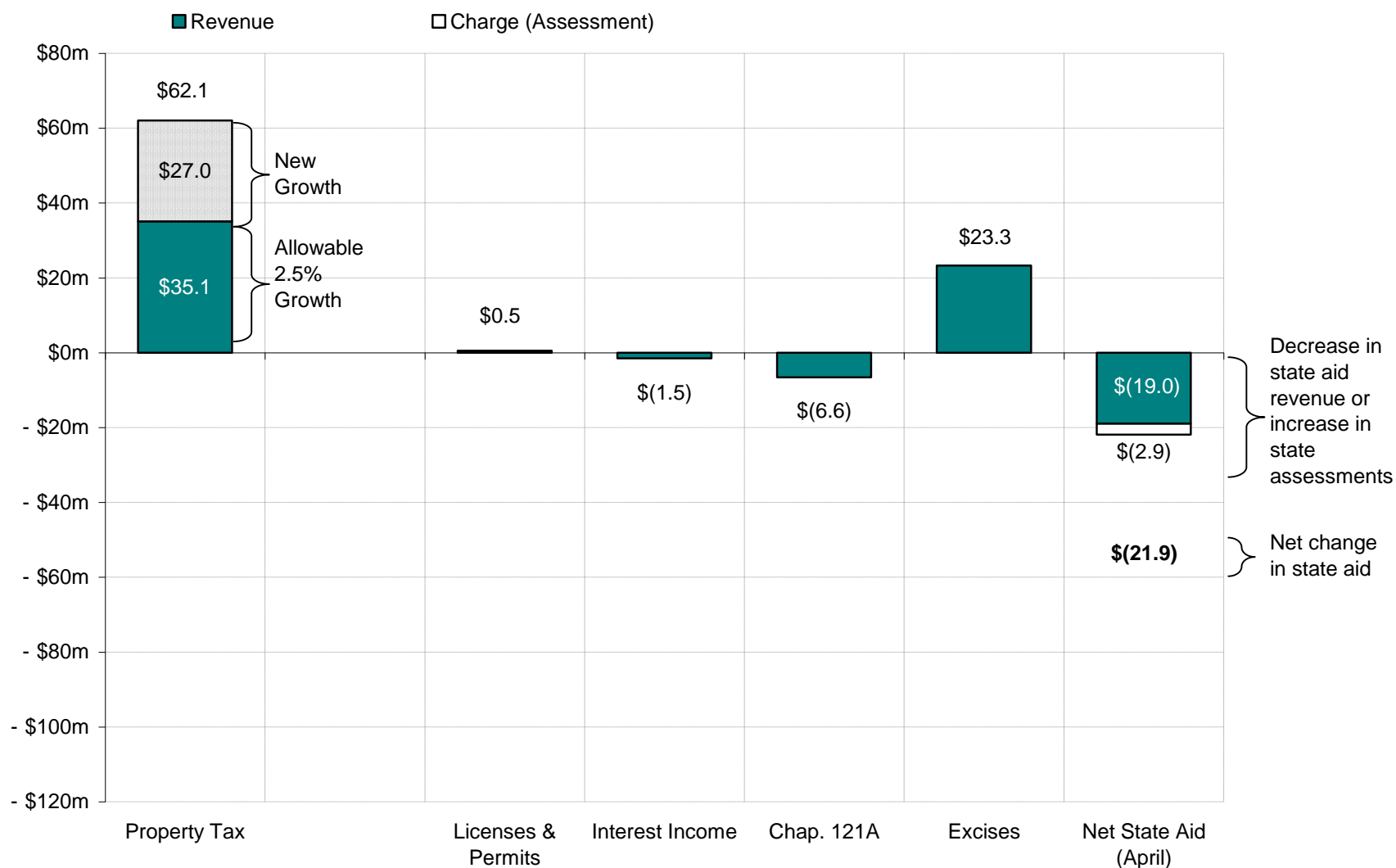
Net Property Tax	\$1,491,399,370
Net State Aid*	\$250,619,645
Excises	\$104,570,000
Licenses & Permits	\$31,805,000
Interest Income	\$5,000,000
Reserves	\$45,000,000

*Gross state aid is represented in the chart at left. Net state aid reflects gross state aid net of municipal charges or "assessments"



FY11 Budget

Revenue Growth by Selected Major Sources





FY11 Budget

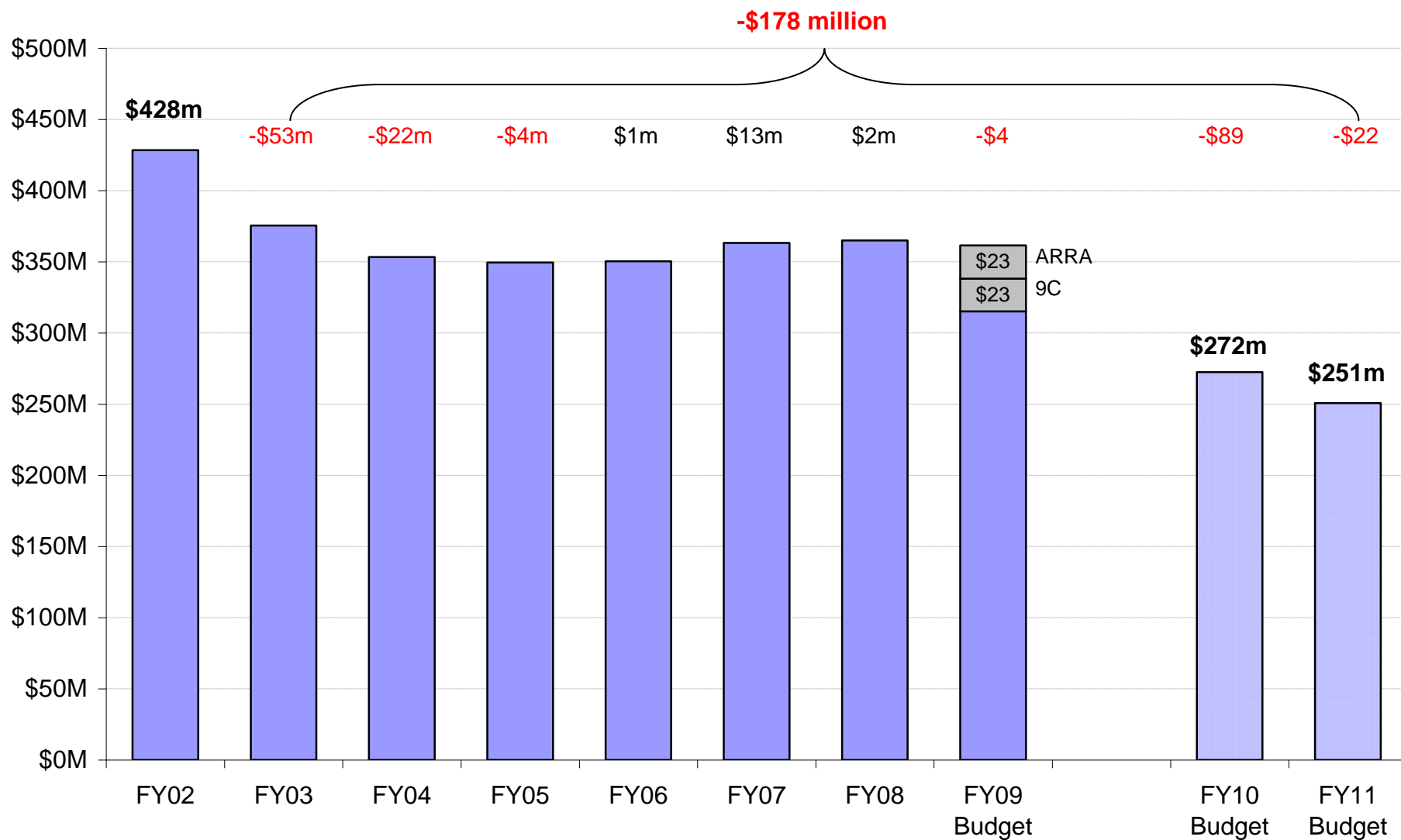
Revenue Growth by Selected Major Sources

	FY10 Budget	FY11 Projection	\$ Change	% Change
Property Tax	\$1,429,324,788	\$1,491,399,370	\$62,074,582	4.3%
Net State Aid*	\$272,477,766	\$250,619,245	-\$21,858,121	-8.0%
Meals (new tax)	--	\$16,875,000	\$16,875,000	100.0%
Hotel (tax increase)	\$23,000,000	\$34,500,000	\$11,500,000	50.0%
Other Excises	\$58,275,000	\$53,195,000	-\$5,080,000	-8.7%
Licenses & Permits	\$31,260,000	\$31,805,000	\$545,000	1.7%
Interest Income	\$6,500,000	\$5,000,000	-\$1,500,000	-23.1%
*Net state aid reflects gross state aid net of municipal charges or "assessments"				



FY11 Budget

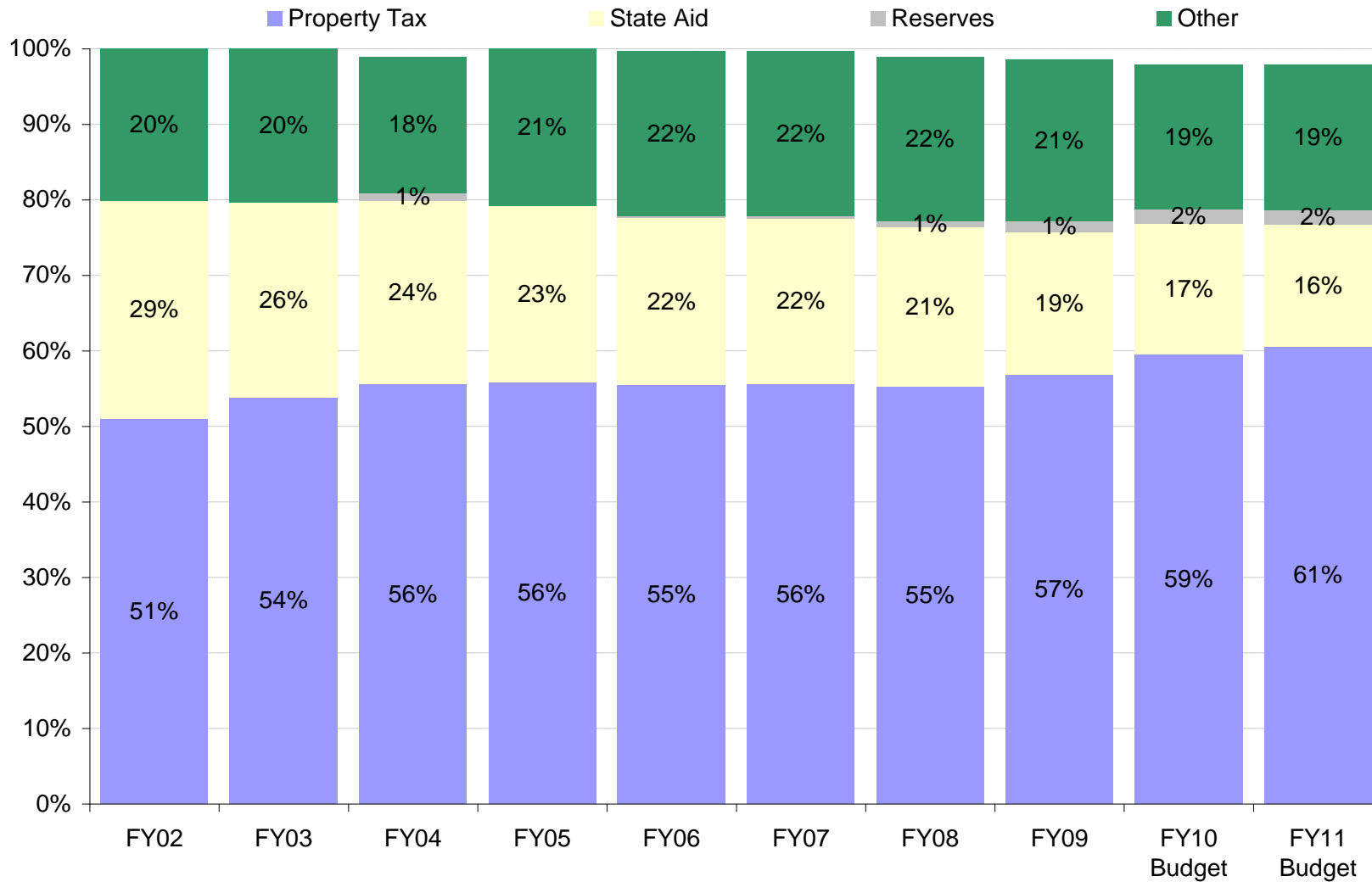
Net State Aid History (\$nominal)





FY11 Recommended Revenue

Major Components of Total Revenue



State Grant Revenue



FY11 Budget State Grant History

- State grants are expected to decline by \$24m, a 52% decrease, from FY09 to FY11
- Two thirds of this loss are in 6 key grants:
 - Special Education Reimbursement down \$5.3m
 - Library of Last Recourse down by \$5.2m
 - Boston Regional Library System funding eliminated in FY11, down from \$932k in FY09
 - Same Cop, Same Neighborhood (Community Policing) funding eliminated in FY11, down from \$2.9m in FY09
 - Shannon grant down \$1.3m
 - Summer jobs down \$410k, a loss of over 500 youth hires



FY11 Expenditures



City of Boston

FY11 Budget: \$2.5 Billion

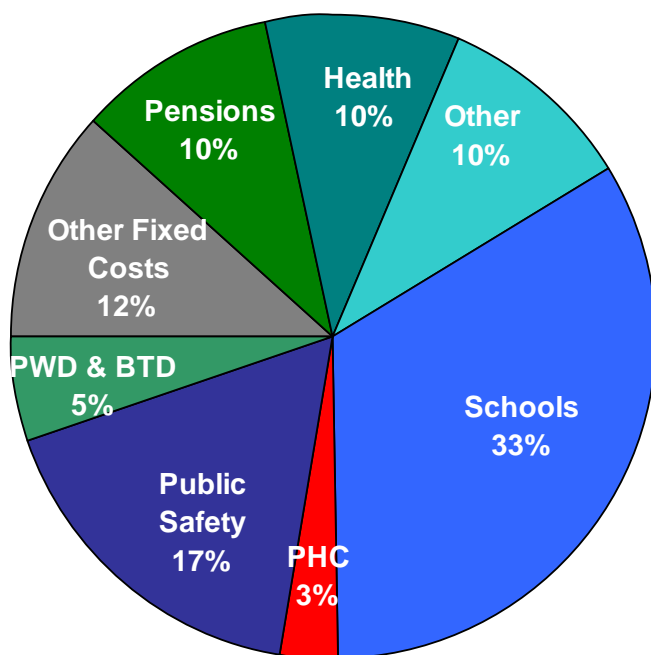
- Total departmental appropriations are increasing by \$8.0 million (0.5%) after declining in FY10
- FY10 wage deferral of over \$14 million to be paid in FY11
- Nearly all current union contracts expire at the beginning of FY11 or shortly thereafter
- FY11 Collective Bargaining reserve includes approximately 0.5% for successor agreements
- Budget relies on approximately \$37 million in ARRA funds in BPS & BPD
 - Nearly \$21 million of BPS ARRA funds are covering recurring costs and expire at the end of FY11



FY11 Budget: \$2.5 Billion

Expenditures by Major Source

Selected Major Expenditure Areas



Schools	\$821,382,404
Public Safety	\$423,820,791
Health	\$243,707,055
Pensions	\$244,911,160
Other Fixed Costs*	\$287,712,110
*Includes Debt Service, State Assessments & County	



FY11 Budget: \$2.5 Billion

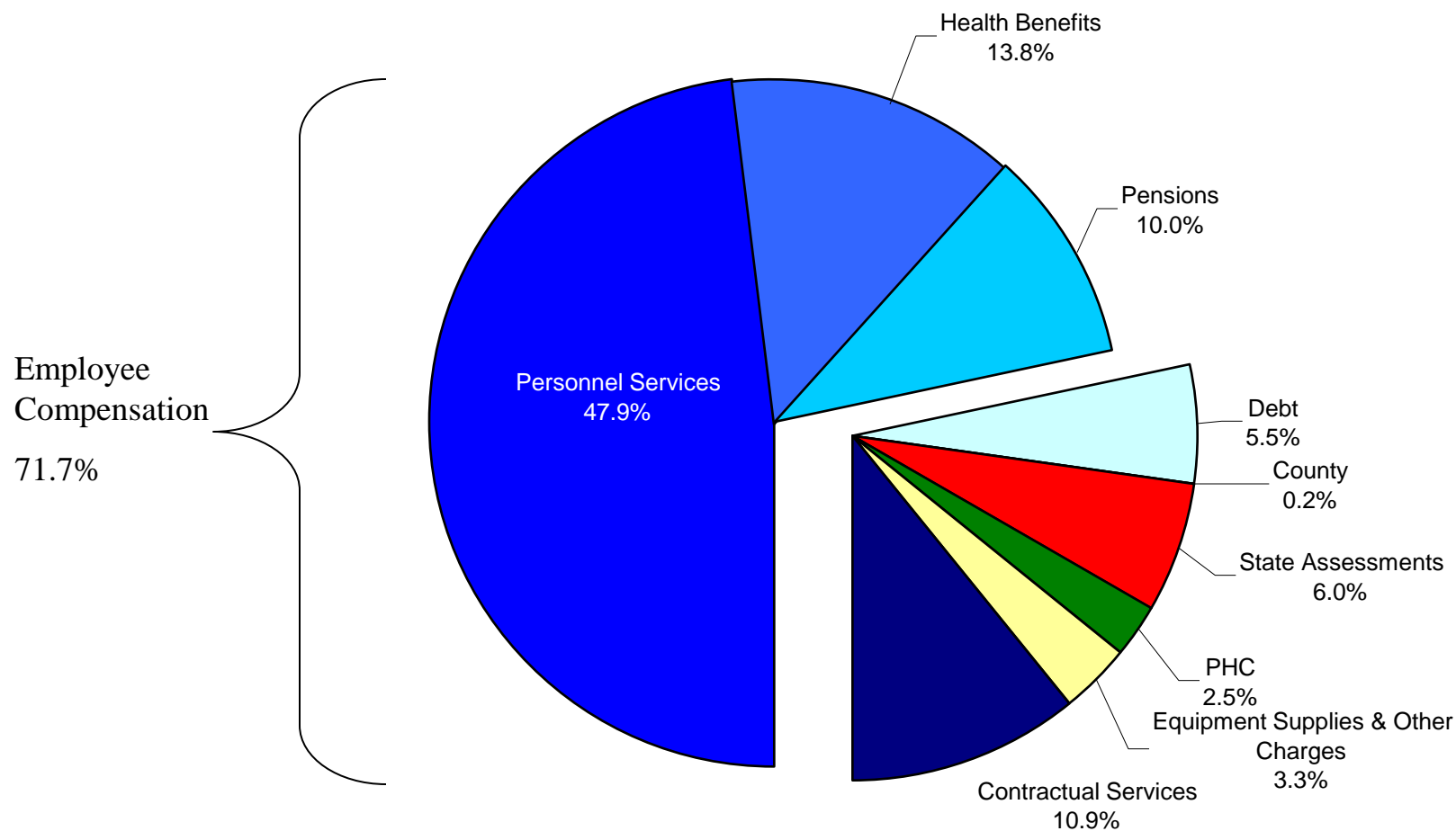
Major Departmental Appropriations

	FY10 Budget	FY11 Budget	\$ Change	% Change
Schools	\$817,882,402	\$821,382,404	\$3,500,002	0.4%
Police	\$270,874,940	\$270,874,944	--	0.0%
Fire	\$153,719,523	\$152,945,846	(\$773,677)	-0.5%
Public Works & Transportation	\$132,345,207	\$131,082,859	(\$1,262,348)	-1.0%
Public Health Commission	\$70,000,000	\$69,793,000	(\$207,000)	-0.3%
Library	\$29,714,692	\$29,714,692	--	0.0%



FY11 Budget: \$2.5 Billion

Expenditures by Category



FY11 Health Insurance

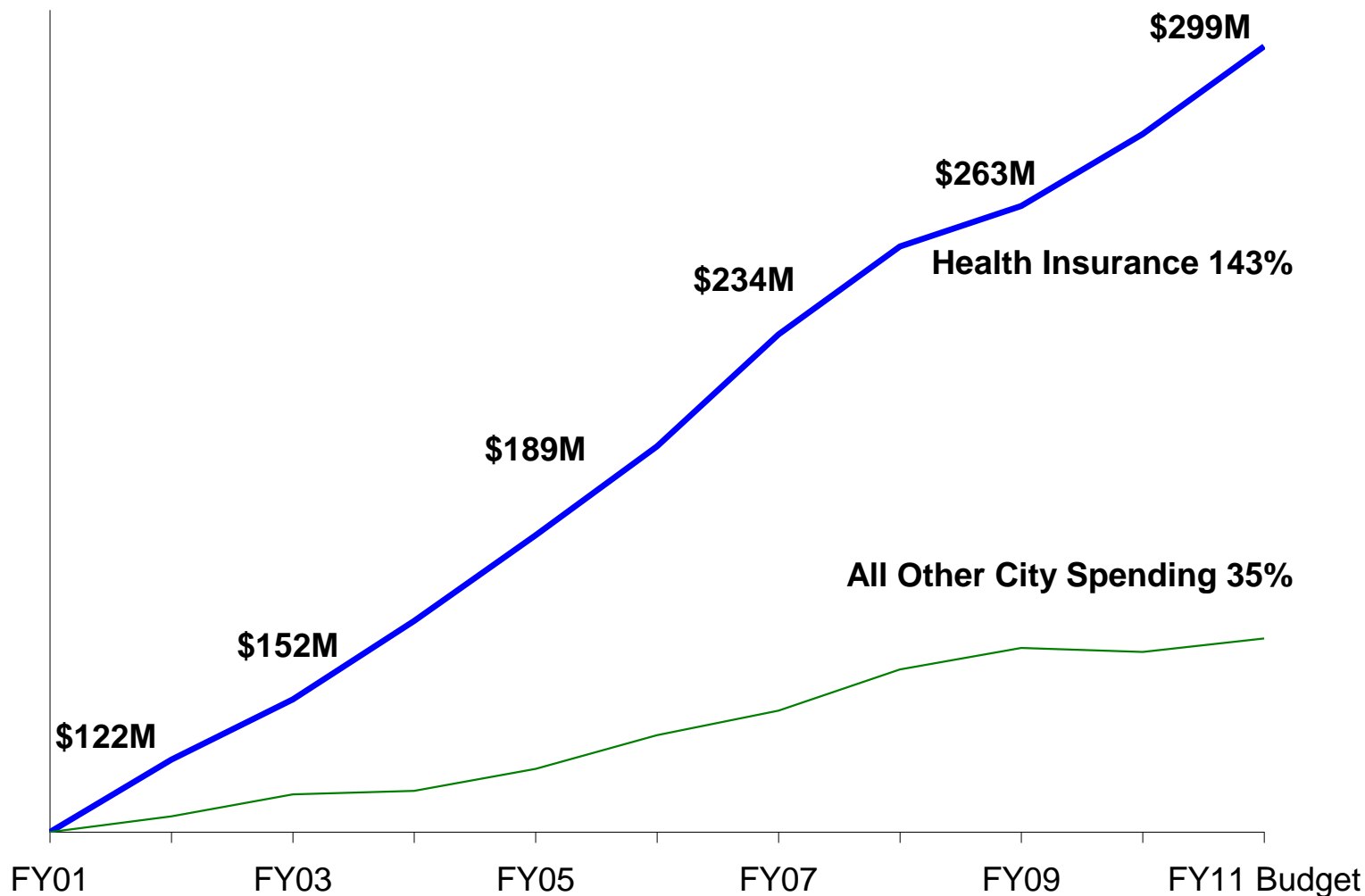


FY11 Health Insurance Pressure

- FY11 Health insurance totals nearly \$300 million
- Health insurance costs are increasing by nearly \$20 million or 7%
- Health insurance accounts for 12% of the FY11 Budget, up from 7% in FY01
- In FY11 it will cost the City \$17,180 per subscriber for our most commonly used HMO family plan

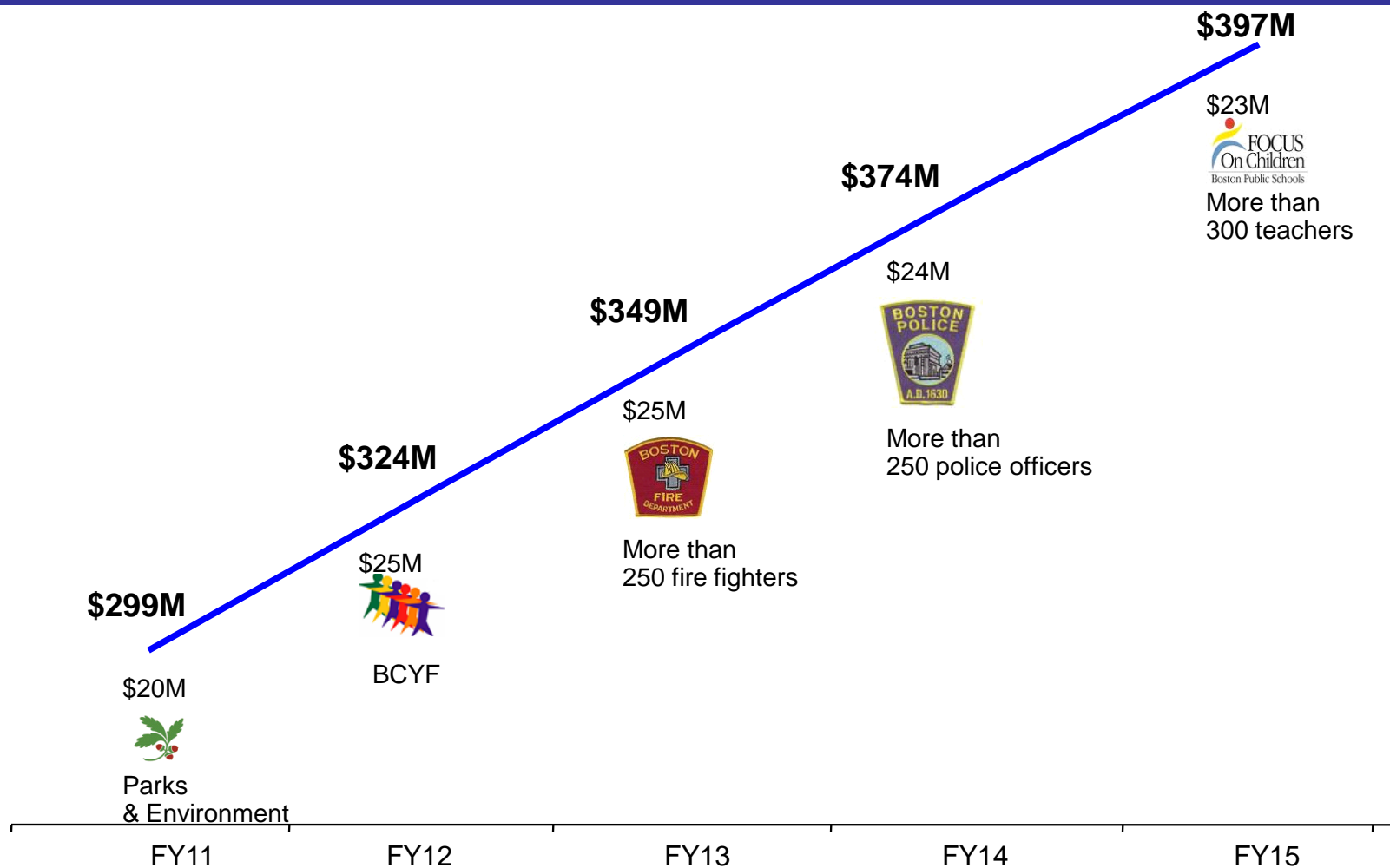


Health Insurance Costs Have Grown Over \$150 Million Through FY10





Health Insurance Costs Are Projected to Rise \$100 Million+ In the Next 5 Years

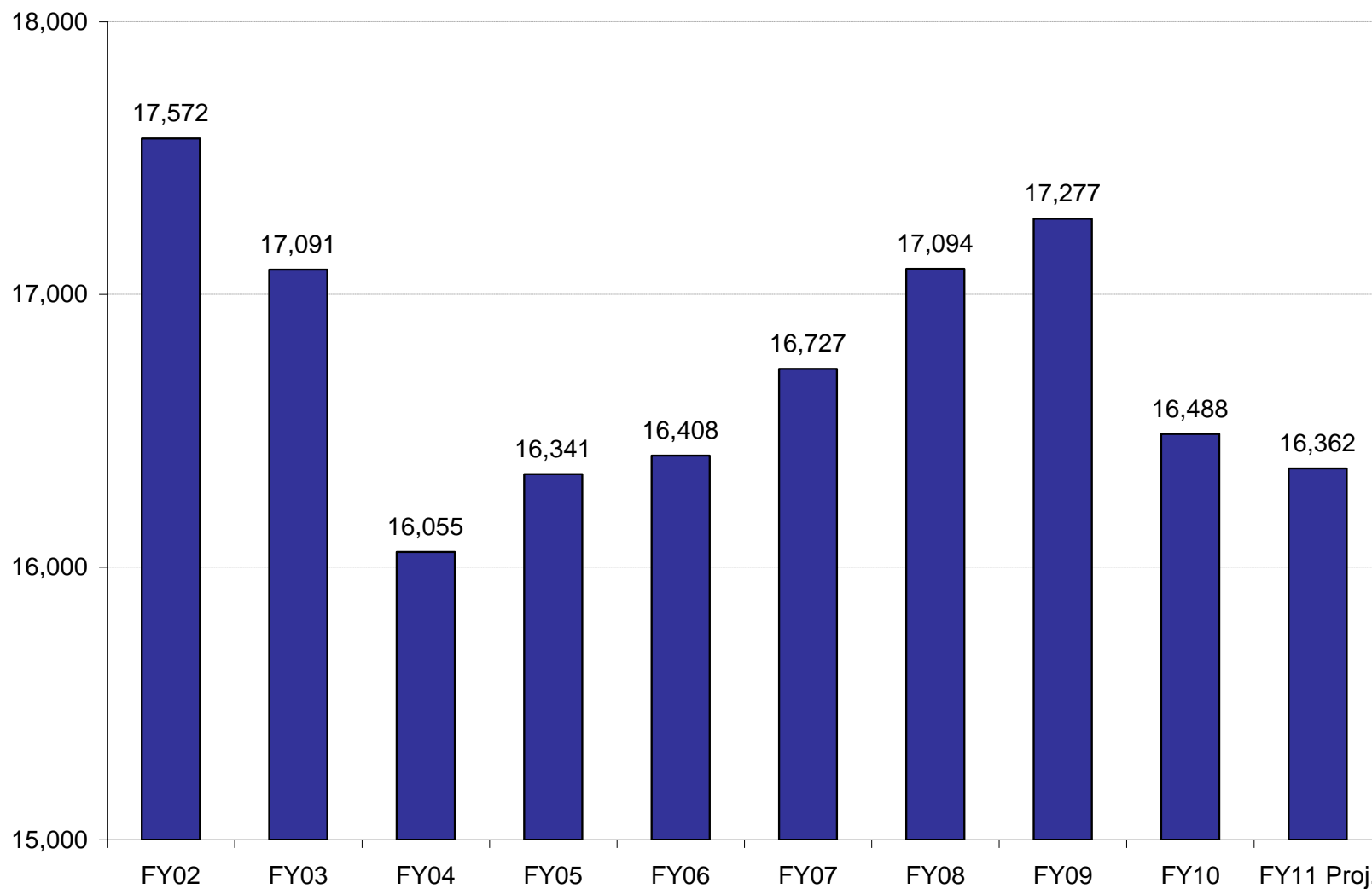


FY11 Personnel



Staffing History

Full-Time Equivalent Positions as of January 1





Staffing History

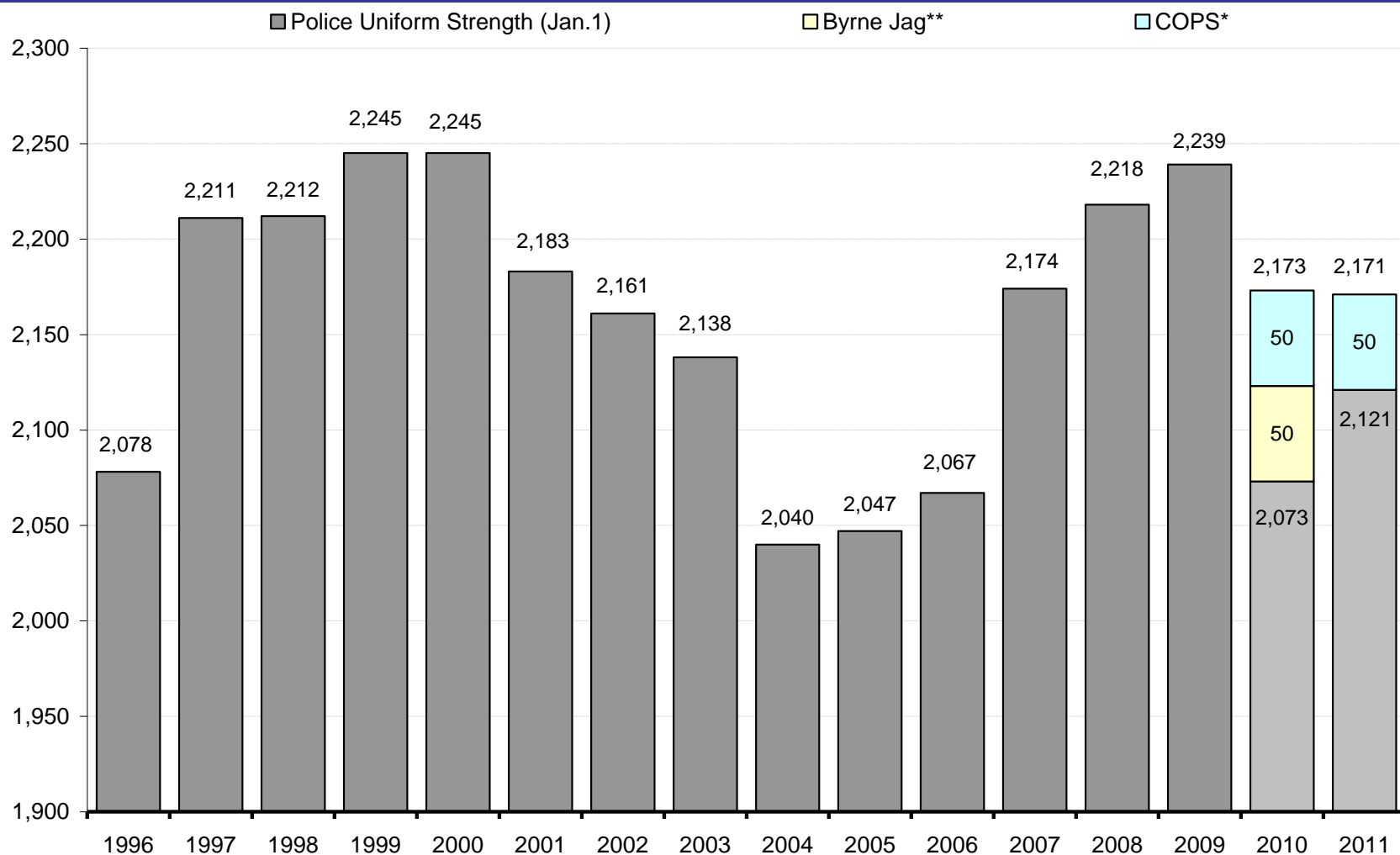
Full-Time Equivalent Positions as of January 1

- General Fund FTEs projected to decline by 126 (1%) between FY10 and FY11
- FTEs down from January 2002 by 1,210 (7%)
- Total layoffs of 250 estimated in FY11
- FY11 Budget preserves public safety staffing
 - Police staffing level despite loss of ARRA grant in FY11
 - Fire staffing roughly level with FY10



Public Safety Staffing Commitment

Police Uniform Staffing (as of Jan. 1)



*ARRA - COPS Hiring Recovery (3 years, FY10-12)

**ARRA - Byrne JAG (1 year)

FY11 Capital Planning

City of Boston

Five-Year Capital Plan FY11-15

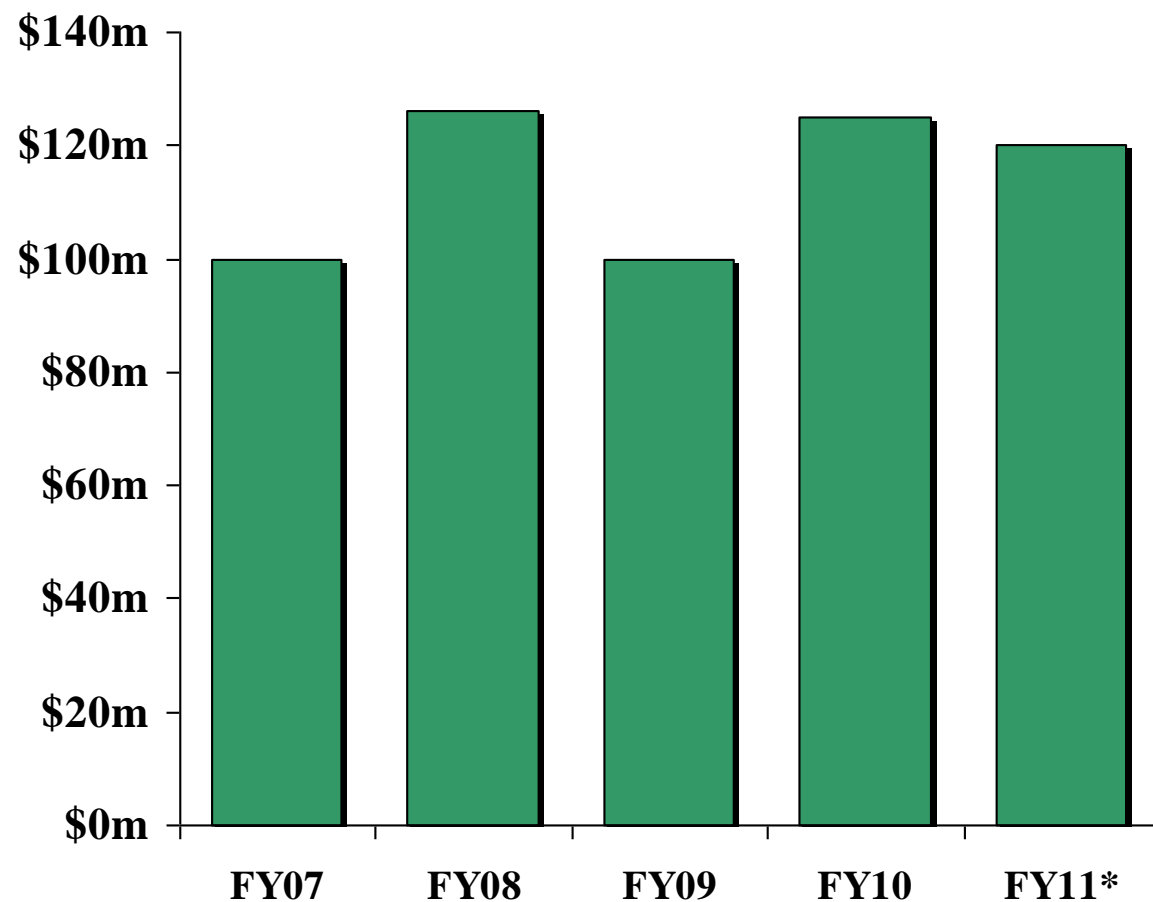


- Total of \$1.5 billion
- \$131.7 million in new authorizations
- Supports 289 projects



Debt Issuance FY07-FY11

General Obligation



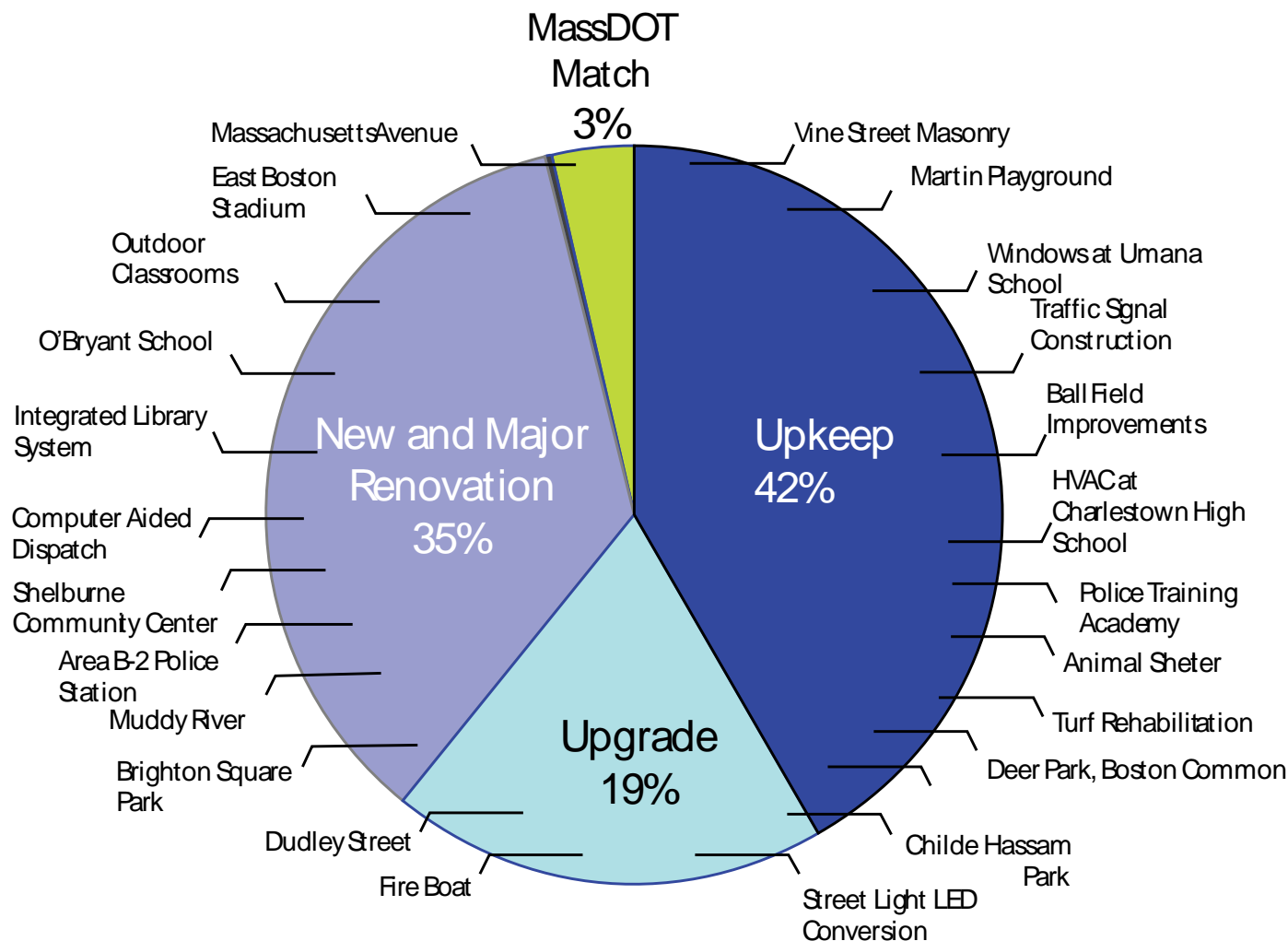
*Budget

- \$120m proposed debt issuance in FY11
- Fully taking advantage of authority from ARRA

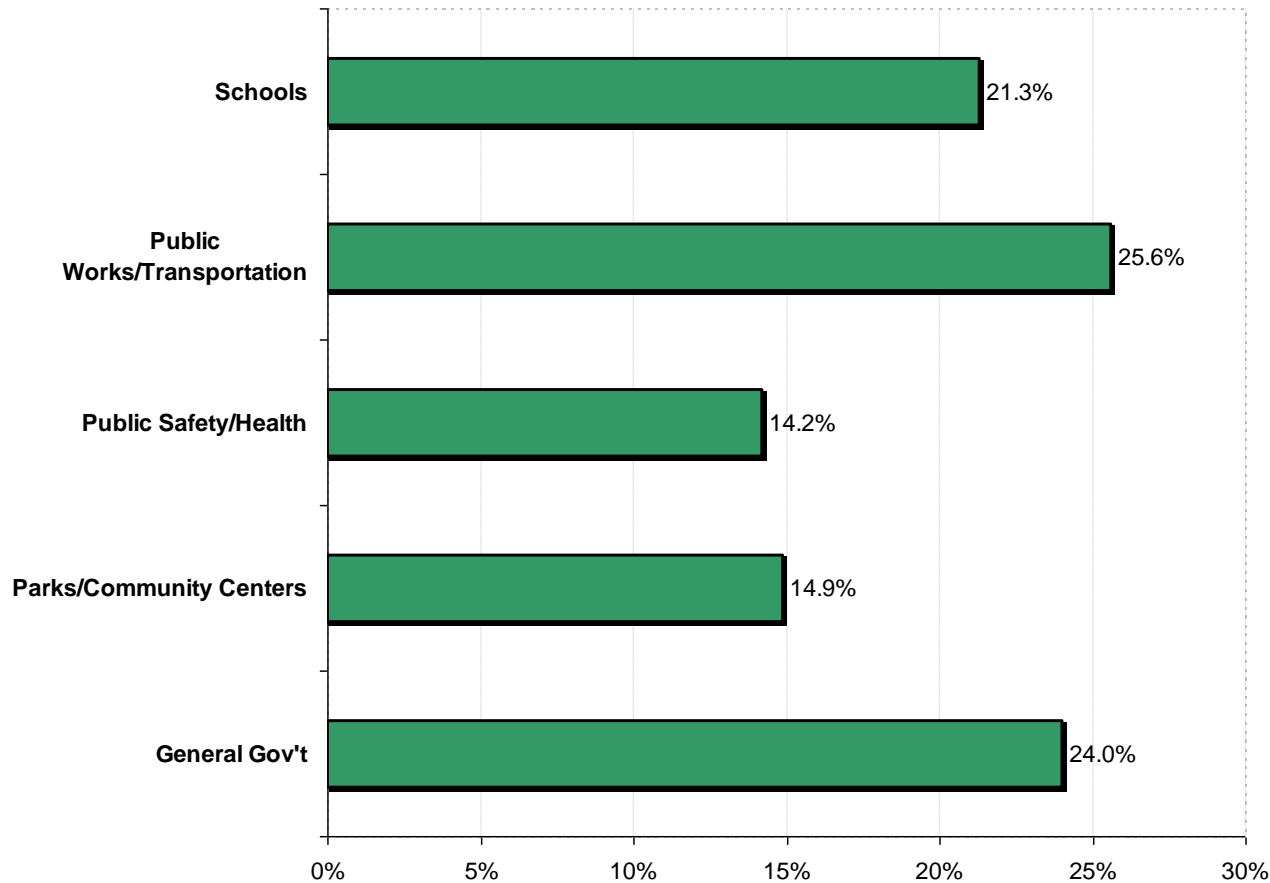
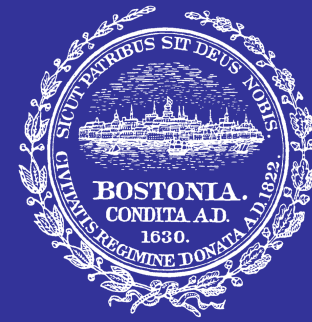


FY11 Capital Spending

All Sources



FY11 Capital Spending All Sources





BPS Capital Summary 2008-2011

New and Major Renovations

2008	Hemenway School
2009	Burke High School
2010	King and Roosevelt Schools
2011	O'Bryant School of Math & Science
Upcoming	Quincy Upper and Dearborn Schools

Projected Spending 2008-2011 in Millions

\$88.4 Upkeep

\$22.4 Upgrade

\$72.0 New and Major Renovations

FY11 Long Term Issues



Free Cash Certifications (Reserves)

- Free Cash must be certified by the Massachusetts Department of Revenue annually before it can be appropriated for use (MGL Chapter 59, section 23)
- Free cash is the expendable portion of the City's reserves
- FY11 Budget uses \$45 million (about one-third of certified amount)

(\$ millions)

Date Certified	Annual Amount Certified	Amount Appropriated from Certification
Apr. 2008	110.2	35.00
Mar. 2009	121.2	45.00
Mar. 2010	139.0	45.00



Other Post Employment Benefits (OPEB)

- Total OPEB liability as of 6/30/2009 estimated at nearly \$6 billion by and independent actuary
- Liability is greater than City's pension liability
- \$35M recommended to be appropriated in FY11
- Recommended appropriation is a fraction of the \$373M required annual contribution
- Prudent to address this long term debt which continues to mount





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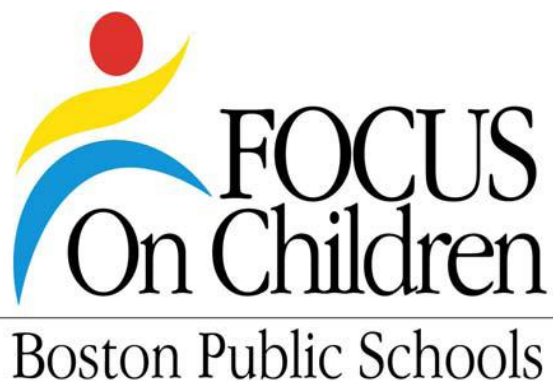
City of Boston



Boston Public Schools FY2011 Recommended Budget

“Boston Public Schools, the birthplace of public education, is committed to transforming the lives of children through exemplary teaching in a world-class system of innovative, welcoming schools, where we partner with families and the community to develop in every student the knowledge, skill, and confidence to excel in college, career, and life.”

- BPS mission statement (proposed)





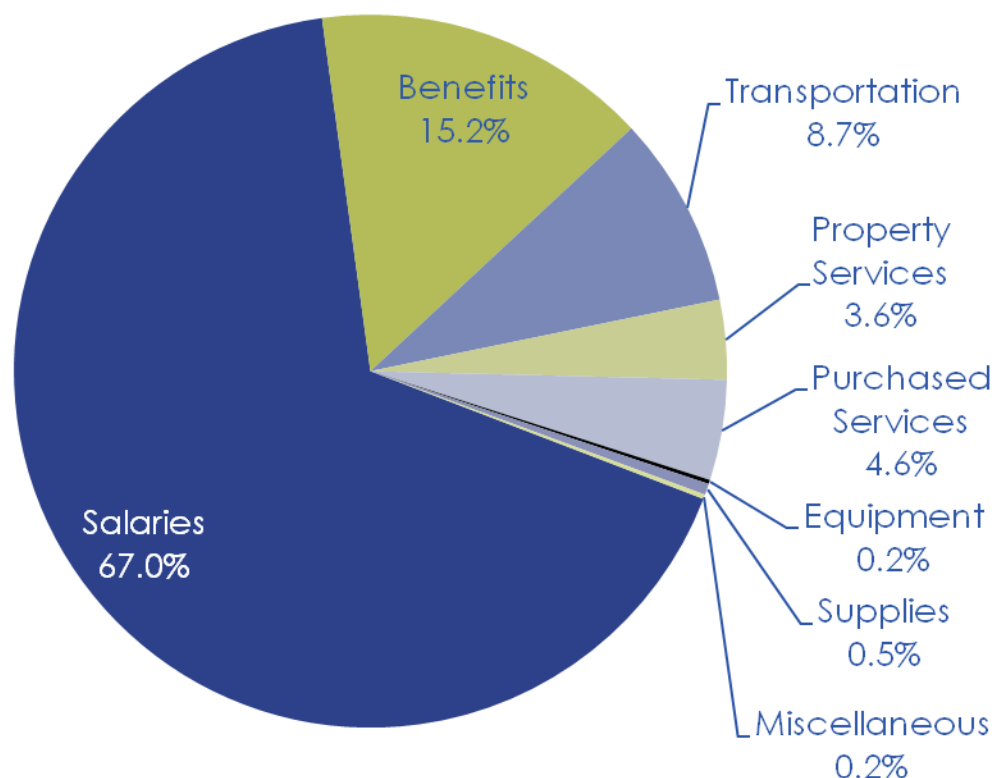
Boston Public Schools FY2011 Budget Overview

- **\$821.4 million general fund budget**
- **\$3.5 million (0.4%) increase from FY10**
 - Increased costs associated with school structure and collective bargaining
 - External funds expected to decrease
 - State reimbursements for extraordinary costs for special education students decreased by \$5.3 million from FY09
- **Acceleration Agenda investments using external funds**
- **Includes reduction of 292 Gen. Fund positions (-3.5%)**



Boston Public Schools FY2011 Account Summary

FY11 Budget by Account Code Summary General Fund



Salaries	\$550,260,738
Benefits	\$125,230,397
Transportation	\$71,489,688
Property Services	\$29,643,770
Purchased Services	\$37,420,971
Equipment	\$1,484,164
Supplies	\$4,165,761
Miscellaneous	\$1,686,915
TOTAL	\$821,382,404



FY2011 Acceleration Agenda Investments

- **English Language Learner Investments**

- BPS is investing an additional \$10 million to increase the number and quality of ELL programs, providing more offerings to students

- **Additional Investments include:**

Investment	Source	Value
Turnaround Schools	School improvement funds, ARRA Title I	~\$200K per school, ARRA Title I
Special Education Reform	ARRA IDEA	\$12 million in FY11
AP expansion	Federal Grant	\$2.4 million over 3 years
Arts expansion	Private funds (Edvestors, etc.)	\$2.5 million target over 3 years
Parent University	ARRA Title I and private funds	~\$350K for FY11
Athletics	Red and Blue Foundation	\$7.5 million target over 3 years



Past Investments Showing Results

- **Even after several challenging years of fiscal constraints, our investments are showing significant results**
 - Earlier this month, we announced that the dropout rate has reached its lowest point in two decades
 - In addition, the State recently released new four-year graduation rates, with Boston exceeding 60% for the first time
 - Boston students demonstrated significant gains in Mathematics, outscoring their urban peers across the country on the National Assessment of Educational Progress (NAEP)
 - Our students continue to make progress on the MCAS exams
 - not just at the passing level, but also in the “proficient” and “advanced” categories



Summary of Impact on Positions

Positions on General Fund FY10 – FY11

	FY10	FY11	Variance	% Change
Schools				
Teachers	4,230.7	4,220.3	(-10.4)	(-0.2%)
Other Staff	2,297.3	2,250.9	(-46.4)	(-2.0%)
School Total	6,528.0	6,471.2	(-56.8)	(-0.9%)
Central Total	1,799.1	1,563.7	(-235.4)	(-13.1%)
District – wide Total	8,327.1	8,034.9	(-292.2)	(-3.5%)



FY12: The Challenge

- **BPS faces significant revenue declines and cost increases in Fiscal Year 2012**
 - Approx. \$21 million of recurring costs are funded by ARRA, which will expire in Fiscal Year 2012
 - Due to the increase in the charter cap, new charter schools may come online, reducing BPS funding and increasing excess capacity
 - Personnel costs will continue to exceed revenue growth
- **Resolving next year's financial challenges must be found in complex, structural challenges such as significant school closings**
- **We have already started this process through Pathways and rightsizing central departments**
- **If we avoid these difficult decisions, we put the Acceleration Agenda and the entire district at risk**

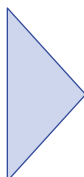
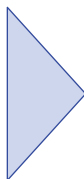
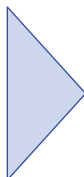
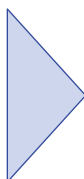


Preparing for a Brighter Future: Transformative Change

While the next two years will be difficult, the district will emerge better positioned to be parents' best and first choice

Transition From

- Annual, incremental reductions
- Schools with empty seats and minimal programming
- Uncertain school assignments and increasing transportation costs
- Significant investments on compliance oriented functions



Transition To

- Financial stability, where we have additional funds to reinvest in schools
- Schools filled to capacity with a rich variety of program and course offerings
- High quality options in every neighborhood
- Focus on quality instructional investments that support learning



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